



**United Way of
Cleveland County**

**Participating Agency
Policies & Procedures**

REVISED FEBRUARY 17, 2021

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FOREWORD

A social agency budget is more than an array of figures giving an expression of future financial aspirations. The budget should be the administrative instrument which aids the social agency (1) in analyzing its operating experience, (2) in outlining a practical future program of work for at least ensuing twelve-month period, and (3) in appraising the results of its service. The budget is the chief medium through which expenditures for current operations are checked and controlled.

When a human service organization becomes a participating agency of the United Way of Cleveland County, the budget assumes added importance.

1. It is the medium through which the agency's service is interpreted to this financing body.
2. It is the device through which the United Way can assure the contributors that their money is being used efficiently.
3. It is the instrument through which community planning may be made effective. Through the budget process, expansion in service, reorganization of programs, and consolidation and re-definition of function move from theory and discussion to practice and action.

Responsibility for determining the allocation of the funds raised in the community united voluntary campaign rests with the citizens of the community. The members of the Community Impact Committee are volunteers, lay persons with respect to social welfare, who give their time and thought to study agency programs and community needs in relation to available funds. Through objective study and judgment, they represent the citizen givers in determining how contributed funds can best be allocated for the most effective well-balanced community services.

Policies and Procedure Manuals are necessary to orderly function but equally important to any voluntary enterprise are the mutual understanding and cooperative spirit of all people who participate in it.



GENERAL CONSIDERATIONS

101 RELATIONS WITH PARTICIPATING AGENCIES

The United Way looks upon its relationship with the participating agencies as that of a joint undertaking in which the interests of the several participants must be expressed in terms of what is best for the whole. Each agency is part of a total community program and the agency's programs must be judged in relation to the overall needs of the community.

The Community Impact Committee is directly concerned with the value and urgency of the health, welfare, and social services of the community. In order to allocate funds intelligently and helpfully, it must know what effect such allocations are likely to have on these services. The Community Impact Committee and other participants in this process must constantly keep uppermost in their deliberations the need to serve the greatest community good... the needs to be met, the nature of the programs, and quality and volume of program services.

Of vital concern to the United Way, as the custodian of the contributor's dollar, is the fact that programs must be kept in line with changing needs, must avoid duplication of effort, must measure up to accepted standards, and must be discharged with due regard to a proper distribution of responsibility.

102 AGREEMENTS WITH AGENCIES

Any agency desiring program funding from United Way must present a case for support to the Community Impact Committee and be approved for funding status by the United Way of Cleveland County's Board of Directors. The agency must meet certain minimum standards of admission and, after full admission, must sign an Agency Agreement and continue to live up to these standards as well as to meet certain other ongoing requirements.

In addition to the provisions contained in the United Way By-Laws, such status commits the agency to do the following:

- a) Conduct a system of accounting, in accordance with current Generally Accepted Accounting Principles (GAAP) Standards, and have its annual financial reports prepared in accordance with the

American Institute of Certified Public Accountants (AICPA) Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations, said financial reports to be furnished to United Way. The level of financial reports required shall be based on the level of United Way funding as established in the Agency Criteria. Independence shall be defined by AICPA standards.

- b) Submit requests for program funding and other financial reports following the United Way's prescribed chart of accounts.
- c) Keep its books of account and records open to inspection by the Board of Directors of the United Way, or its agent.

103 GRANT STATUS

Criteria for participation should be applied with judgment. There will always be agencies worthy of United Way support that do not meet the membership criteria in toto. It may be the United Way's responsibility to provide such support when circumstances warrant. Further, such support should be labeled for what it is -- an exception made for a particular purpose. In such instances, an agency may be included in the program of United Way on a "Grant Basis of Participation". Grant Status will be approved for a one-year period of time. Agencies on "Grant Status" will be reviewed annually by the Community Impact Committee in accordance with established procedures and based on such review may be recommended for (a) participant status or (b) continuation as a "Grant Agency" or (c) exclusion. Generally speaking, a "Grant Agency" should be seeking full Participating Agency Status and should be expected to qualify for it within a period of no less than 3 and not more than 5 years. There is no distinction between the rights, responsibilities, and/or relationship of grant agencies or participating agencies.

AGENCY CRITERIA

104 PARTICIPATING AGENCY CRITERIA:

An agency or organization may qualify for funding from the United Way of Cleveland County provided it meets the criteria for inclusion in one of two categories of participation and meets other requirements as outlined below. Or it may apply for special funding from the flexible funding program. The two categories of participation are:

- **Participating Agency.** Health & Human Service Agencies eligible for such status and to receive allocations for specific program expenses upon approval of the United Way Board of Directors are those qualified as exempt under the provisions of the Internal Revenue Code of 1986 as amended, to which contributions are deductible under Section 501(c)(3) of the Internal Revenue Code or any other corresponding provision of any future United States Internal Revenue Law, and which provide services recognized by the United Way as needed within the community.
- **Institutional Participant.** Public or private agencies or organizations interested in supporting the Corporation's mission, purposes and objectives may become Institutional Participants upon application to the United Way and approval by the Board of Directors.

Specific programs of Institutional Participants may qualify for funding provided the programs support the furtherance of United Way's mission and purpose; United Way retains discretion and control as to the use of the funds by the Institutional Member; and, United Way maintains records establishing that the funds were used for 501(c)(3) purposes. Institutional Participants are expected to comply with all applicable policies and procedures.

- **Flexible Funding.** United Way is committed to funding new and innovative community service ventures and as such has established a special Flexible Funding process which is available to Cleveland County human service agencies and organizations that demonstrate a need for special funding for new initiatives. Complete guidelines and regulations regarding the application for and use of these funds appear in sections 105 and 106 of this document.

In order to qualify for consideration as a new or continuing participating agency within the United Way of Cleveland County, an agency must meet the following criteria:

- 1) **Legal Authorization:** Is incorporated as a non-profit organization and has been ruled exempt from taxation under Section 501(c)(3) of the Internal Revenue code and corresponding provisions of other applicable state or local laws or regulations.
- 2) **Equal Opportunity:** Adheres to a policy of non-discrimination with respect to the age, gender, race, religion, national origin or handicap, in connection with the make-up of its governing body, committees, and staff and the people whom it directly or indirectly serves.
- 3) **Governing Board:** Has an active, responsible, and voluntarily serving governing board that exercises effective control over the operations of the agency, holds regular meetings, and practices an annual rotation of members and officers.
- 4) **Code of Ethics:** Has a Board approved and adopted Code of Ethics governing the ethical conduct of agency business, including, but not limited to, the definition of appropriate business practices and the prohibition of inappropriate employment practices. Specifically included are nepotism and/or other inappropriate practices that might result in favoritism, or the appearance of favoritism.
- 5) **Purpose:** Has a legitimate purpose which meets a recognized human need in Cleveland County in the field of health, social welfare, or character building.
- 6) **Program:** Must demonstrate that the agency's programs adhere to the following:
 - a) Meet or will meet a community health or social service need in a timely, efficient and effective manner.
 - b) Clearly define the immediate and long term objectives of the agency and specific program outcomes.
 - c) Serve a significant portion of the identified population in Cleveland County and identify the scope of the program.
 - d) Do not duplicate services being rendered by other community agencies/programs.

- e) Make effective use of volunteers whenever possible, rather than paid workers.
- f) Can be maintained on a sustained basis.
- g) Have been providing a service function and operating with the above named controls and procedures for a minimum period of two years.

7) **Education and Public Relations:** Follows ethical methods of education and public relations which are based on actual programs and operations of the agency.

8) **Budget and Finance:**

- a) Submits to the United Way by February 28th an annual budget and program allocation request under the terms specified and format designated by United Way. This information must be approved by the agency board and must detail fiscal operations. Agencies must show the relationship of their fiscal expenditures to the agency's program objectives/outcomes.
- b) Operates in accordance with a detailed and balanced budget approved by the agency Board of Directors and reviewed by the United Way.
- c) Complies with all applicable legal operating and reporting requirements; including the portions of the American Competitiveness and Corporate Accountability Act of 2002, commonly known as the Sarbanes-Oxley Act, that specifically apply to nonprofit entities. The Act states that all organizations, profit and nonprofit, must develop procedures to encourage employees to report any inappropriateness within the entity's financial management. A formal process to deal with complaints and prevent retaliation must be developed and implemented. The Act also addresses destruction of litigation-related documents. The law makes it a crime to alter, cover up, falsify, or destroy any document (or persuade someone else to do so) to prevent its use in an official proceeding. All entities, profit and nonprofit, are required to have a written, mandatory document retention and periodic destruction policy. The document retention policy should include guidelines for handling electronic files and voicemail. Electronic documents and voicemail messages have the same status as paper files in litigation-related cases. The policy should also cover back-up procedures, archiving of documents, and regular check-ups on the reliability of the system.
- d) Prepares appropriate financial documents as required by United Way, based on the Financial Reporting Guidelines listed below. The financial documents should be prepared by appropriate accounting professionals in accordance with current GAAP Standards and applicable Financial Accounting Standards Bureau (FASB) directives. Independence is defined by the American Institute of Certified Public Accountants (AICPA) and FASB standards. A statement should be provided that a proper financial system has been installed.

The Financial Reporting Guidelines are as follows:

- 1) **If an agency has a total annual budget \$49,999 or less**, a financial statement (compilation) prepared by an independent acceptable accountant in conformity with current Generally Accepted Accounting Principles (GAAP) is required. Financial statement must be reviewed and signed by the Executive Director and Chairman of the Board of Directors.
 - 2) **If an agency has a total annual budget between \$50,000 and \$249,999**, a financial review prepared by a certified public accountant in conformity with current GAAP is required. Financial review must be reviewed and signed by the Executive Director and the Chairman of the Board of Directors.
 - 3) **If an agency has a total annual budget of \$250,000 or greater**, an annual Audit performed by an independent, Certified Public Accountant with full disclosures and in compliance with current GAAP and Generally Accepted Auditing Standards (GAAS) must be submitted.
- e) Agrees that funds received from United Way of Cleveland County are to be used for specific program operational expenditures only.
- 9) **Annual Report:** Prepares an annual report to be submitted to the United Way with the Annual Funding request which includes:
- a) The names of board members and chief administrative personnel of the agency.
 - b) A detailed account of program and service activities, which includes program outcome information, in a format as required by the United Way.
- 10) **Fund Raising:**
- a) Assists, as needed, the United Way's annual fund raising drives using its best efforts to secure the active participation in the campaign of its Board of Directors, agency staff and all available volunteers the agency can secure. It will make available to the United Way its facilities and all such information with respect to its activities and all other campaign materials as the United Way shall need and reasonably request.
 - b) Agrees to identify itself year-round in every practical manner as a recipient of United Way support through the display of United Way insignia on its property, offices, stationery, publications, etc. and through any other procedure which would be mutually beneficial in the promotion of the United Way campaign.
 - c) Does not engage in any money raising methods which the Board of Directors of the United Way considers against the best interest of the United Way, its contributors, or participating agencies.
- 11) **Agency Agreement Statement**
- a) Upon acceptance as a participating agency, an agreement between the United Way and the agency will be negotiated and signed. The agreement will contain the agency's statement that it

will adhere to the conditions of participation, as set forth in the United Way By-Laws and the standards, policies and procedures of the United Way. The United Way will in turn agree to provide support for the agency, both financially and otherwise, as resources allow.

- b) Agreements will be signed each year after the Community Impact Review as an acceptance of that year's allocation.

105 FLEXIBLE FUNDING

- a) The amount of funds to be made available through Flexible Funding will be determined annually by the Board of Directors based on recommendation from the Community Impact Committee and the amount generated in the annual fundraising campaign.
- b) The Community Impact Committee will review all requests for funding from the Flexible Funding Account and will determine the dispensation of funds in the account.
- c) Requests for funding from the Flexible Funding Account may be made at any time during the calendar year. The Community Impact Committee may review requests as they are received, or may hold requests for review at a scheduled or called meeting of the committee.
- d) Requests for funding from the Flexible Funding Account will be accepted from charitable organizations or community groups whose defined purpose is to provide a health or human service in Cleveland County, North Carolina. These organizations may be, but will not be limited to, participating agencies of United Way of Cleveland County.
- e) Agencies or organizations with tax exemption under Section 501(c)(3) of the IRS Code of 1968, as amended, may be asked to provide proof of such exemption. Agencies and organizations not exempt under this Section of the IRS Code may be asked to provide any documentation considered necessary by the Community Impact Committee in order to determine eligibility for receipt of funds.
- f) Requests for funding from the Flexible Funding Account must be written and addressed to the Director of the Cleveland County Center for Community Involvement. Written requests must specify the amount of funding being requested and the proposed use of the funds.
- g) Agencies requesting funding from the Flexible Funding account should be prepared to meet with the Community Impact Committee if necessary to answer questions or provide additional information regarding the request.
- h) A portion of the funds in the Flexible Funding Account may be reserved for use as matching funds for grants received from other sources. The Community Impact Committee will determine annually whether to reserve funds in this manner and the amount to be reserved. Any funds so reserved which have not been requested by the beginning of the fourth quarter of the calendar year for which they are intended shall revert to the general Flexible Funding Account.
- l) Funds will be allocated for one year only. Agencies requesting multi-year funding from the Flexible Funding Account must reapply each year.

- j) Funds from the Flexible Funding Account may be used for new programs, matching grants, seed money for new organizations addressing identified or emerging needs, etc.
- k) Funding requests for ongoing programs or services must be accompanied by a detailed plan for obtaining future funding to ensure the continuation of the program. The Community Impact Committee will not commit United Way of Cleveland County to future funding through dispensation of funds from the Flexible Funding Account.
- l) Responses to Flexible Funding requests will be provided in writing from the Director of the Center for Community Involvement or the Chairman of the Community Impact Committee.

106 FLEXIBLE FUNDING REQUEST GUIDELINES

- a) Applications must be in letter form, addressed to:

Director
 Cleveland County Center for Community Involvement
 United Way of Cleveland County
 P.O. Box 2242
 Shelby, NC 28151

- b) Additional materials may be included with the letter of request in order to more clearly explain the program or service.

Letters of request must specify:

- a) The amount of funding being requested.
- b) The proposed use of funds.
- c) The sources of funding planned to continue the program.
- c) Proof of tax exemption should accompany the request. Agencies not exempt under Section 501 (c)(3) of the Internal Revenue Code should be prepared to provide any documentation necessary to determine eligibility for receipt of funds.
- d) Flexible Funds may be used as matching funds for grants, seed money for new programs, program funding, etc. United Way's Community Impact Committee will determine the eligibility of individual requests.
- e) Responses to Flexible Funding Requests will be provided in writing.

107 UNITED WAY TERMINATION POLICY

- a) Probation:

Should an agency fail to comply with United Way policies or should it fail to adhere to any special agreement made between itself and the United Way, the agency will receive a written notice of probation. Under the terms of the probation, the agency may or may not continue to

receive funds. The agency will be given a period of time (usually three (3) months to one (1) year to resolve its problems before any further action will be taken.

b) Termination:

Should an agency fail to resolve its problems within the specified time period, its United Way affiliation and funding will be terminated. Termination shall be accomplished by a majority vote of the Board of Directors of the United Way.

c) Phase-Out:

Should an agency's services be deemed no longer necessary for the community, or should the agency find itself in a financially independent position and/or no longer desirous of United Way affiliation, a one-year phasing-out process will normally be implemented. At the end of this period, the affiliation with the United Way will be terminated.

THE COMMUNITY IMPACT COMMITTEE

201 MEMBERSHIP

The Community Impact Committee shall consist of the Chairmen and the Vice-Chairmen of the Three (3) Community Impact Area Panels. The Community Impact Committee Chairman is appointed by the Chairman of the United Way Board with the advice and consent of the Board of Directors. The Chairman shall have had at least one year of service on the Community Impact Committee prior to appointment.

The Chairman of the United Way Board, with the consent of the Board of Directors, may also appoint additional members to serve on the Community Impact Committee. The Community Impact Committee shall annually review the work and recommendations of the Community Impact Area Panels. Community Impact Committee members need not be members of the United Way Board of Directors. No United Way agency employee or Chair of any Agency Board may serve on the Community Impact Committee.

Every effort shall be made to secure suggestions for Community Impact Committee members from a wide variety of sources, including among others, contributors to United Way, and representatives of business, government, and professional groups, so the background and affiliations of committee members will be broadly representative of and reflect a wide range of community viewpoints.

The Chairman shall preside at all meetings of the Community Impact Committee and shall serve on the Executive Committee of United Way. The Chairman shall be available to act on behalf of the Community Impact Committee in case of an emergency requiring action before a regular meeting of the Board can be held.

The Community Impact Committee shall be responsible for recommending to the United Way Board of Directors such changes as may be in the interest of improved allocating practices and procedures as are in keeping with the provisions of the By-laws.

202 RELATION TO BOARD OF DIRECTORS

All acts of the Community Impact Committee are subject to the final approval of the Board of Directors of United Way. If the Board fails to approve a recommendation of the Community Impact Committee, or deems it advisable to further consider matters relative to a budget, then the Board shall refer to the Community Impact Committee such questions for further consideration and recommendation.

203 TERMS OF SERVICE

The Community Impact Committee is appointed annually and is comprised of the Chairmen and Vice Chairmen of each of the three Community Impact Area Panels. The Community Impact Committee Chairman is appointed by the Chairman of the United Way Board with the advice and consent of the Board of Directors. The Chairman shall have had at least one year of service on the Community Impact Committee prior to appointment. The Chairman of the United Way Board, with the consent of the Board of Directors, may also appoint additional members to serve on the Community Impact Committee.

204 COMMUNITY IMPACT AREA PANELS

There are three (3) Community Impact Area Panels, each responsible for reviewing requests by local agencies for funding of programs to address community needs. The Panels and their areas of responsibility are: Panel I, Families; Panel II, Youth; Panel III, Emergency. The actions and process of the Community Impact Area Panels shall be governed by the most recent revision of the United Way Policies and Procedures Manual, as adopted by the Board of Directors of United Way.

The Community Impact Area Panels in part or in whole shall meet at least once each year with each Participating Agency to review its next year's proposed operating budget and request for support of its programs as well as to discuss any other financial communications between the Community Impact Area Panel and the agency.

205 SUBCOMMITTEES

The Community Impact Committee Chairman shall appoint a Compliance Subcommittee each year to review the financial reports of member agencies. In as much as practical this review will be conducted before the Annual Budget Review, however, at the Chairman's discretion it may be postponed until agency audits are available. Membership on the Compliance Subcommittee will consist of the Chairman of the United Way's Finance Committee and at least one other member of the Finance Committee as well as one at large member from the community. The Compliance Subcommittee is staffed by the Vice President of Finance, supported by other United Way staff as necessary

The Community Impact Committee Chairman shall appoint an Admissions Review Subcommittee prior to the fund allocation process which will review all applications for participation submitted by new organizations or grant-status agencies desiring Participant status. The Admissions Review Subcommittee will also provide detailed agency analyses when directed to do so by the Community Impact Committee Chairman.

Other subcommittees may be appointed from time to time as found necessary.

206 DISQUALIFIED FROM VOTING (Conflict of Interest)

Members of the Community Impact Committee and the Community Impact Area Panels that are directly or indirectly affiliated or associated with an agency or organization being considered for the disbursement of funds, shall abstain from participating in decisions or deliberations regarding the disbursement of funds, and shall be ineligible to vote on any question specifically relating to the budget of that agency or organization. Members are expected to declare their affiliations and to excuse themselves from the discussion and vote.

207 MINUTES OF MEETINGS

Minutes shall be kept of all regular meetings and special meetings of the Community Impact Committee, and of all meetings of the Community Impact Area Panels. Minutes of the subcommittees shall be kept and reported to the Community Impact Committee for additions and corrections, then placed on file.

UNDERLYING POLICIES OF THE COMMUNITY IMPACT COMMITTEE

301 AGENCY AUTONOMY

The essential responsibility of the individual agency for administering its own internal affairs shall be accepted as basic in the relationship between the United Way/Community Impact Committee and the financially participating agency. The board and staff of each agency provide the services to the people of the community and have the responsibility for being certain that the services are meeting current human needs and acceptable standards.

302 ANNUAL ALLOCATION

The annual United Way allocation to a specific program of a participating agency is based on community need and guidelines provided by the Community Impact Committee.

303 BUDGET SAVINGS

When an agency realizes savings in budgeted items or receives non-designated income in excess of its budgeted receipts and thus does not require the full amount of its United Way allocation, the United Way Community Impact Committee will consider the excess in next year's budget request. If an agency should be closed or discontinue operation United Way funds will be withheld until full operation begins.

However, after due consideration of the reasons for the surpluses of unused allocation balances, the United Way may approve the following exceptions to the general policy:

1. Application of the surplus or unused allocation balance to a program deficit which has been incurred in the previous year.
2. Application of the surplus or unused allocation to non-recurring purposes, such as certain maintenance of real property, purchase of new fixed assets (other than real property), or special programs which may be approved by the United Way in light of (a) the effect of these uses on future United Way allocation requirements, (b) the needs of other agencies, and, (c) the status

of the Contingency Reserve Fund. (See also Section 306)

304 GENERAL RESERVE FUND

It is the policy of United Way to maintain a general reserve fund. The general reserve fund is maintained for use in emergencies or disasters which do not fall within any of the other reserve structures.

305 LAND, BUILDINGS AND EQUIPMENT AND DEPRECIATION

An agency should, on its balance sheet, normally show separate totals: for any land that it owns; for buildings (and equipment built into them); for its furniture, furnishings and office equipment; and for vehicles and other movable equipment.

In accordance with the AICPA Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations, depreciation expense should be recognized as a cost of rendering current services and should be included as an element of expense in the statement of support, revenue, and expenses of the fund in which the assets are recorded

and in the statement of functional expenditures. Any exceptions should be presented in writing to the Impact Area Panel.

Our auditor defines "capital" as being any expenditure for a fixed asset having a useful life of more than one year.

The Audit Guide includes a definition of depreciation accounts as follows:

Depreciation accounting is a system of accounting which aims to distribute the cost or other basic value of tangible capital assets, less salvage (if any), over the estimated useful life of the unit (which may be a group of assets) in a systematic and rational manner. It is a process of allocation, not of valuation. Depreciation for the year is the portion of the total charge under such a system that is allocated to the year, although the allocation may properly take into account measurement of the effect of all such occurrences.

The above definition properly identifies depreciation as a means of allocating the cost, or other carrying value, of tangible capital assets to expense over the useful life of such assets, rather than as a means of funding their replacement. The recording of depreciation as an element of cost does not dictate that it be included in the base upon which grants, allocations, or reimbursements will be determined. On United Way budgets, for reconciliation purposes only, depreciation should be shown on a separate line after the line showing the total expenses before depreciation, and will not be considered for funding purposes.

Agencies holding real property for program use are encouraged to develop a plan for maintaining the real property in a reasonable way. For example, the agency might plan to develop designated gifts, grants, endowment funds, or other similar sources of funds for maintenance use.

Because the capital plans and programs of an agency will directly affect the United Way's responsibility to the operating program, the United Way reserves the right to review the Agency Land, Building and Equipment Fund, plans for addition to, or improvement of or expansion of real property, plans for capital funds campaigns, and plans for acquiring assets for the maintenance of real property as mentioned above. (See also Section 307)

306 CONTINGENCY RESERVE FUND

It is a policy of United Way that annual program allocations provide the maximum possible amount of support within the funds available. It is assumed that agencies have anticipated all normal operating expenditures in submitting their annual program funding requests and that program allocations will be used as outlined in the presented budget during the funding year. Therefore, considerations for special allocations will be limited to the following categories:

1. Repairs and replacements, or other items, which the agency and the Community Impact Area Panel contemplated as possible requirements at the time of the budget review, but for which no specific provision was made.
2. Emergency repairs and replacements which are unexpected, unforeseeable and essential.
3. Emergencies which vitally affect the program, and which must be dealt with to avoid serious impairment of services rendered. Program expenditures are considered to be part of the agency's own financial management and can be considered as emergencies eligible for allocations from the Contingency Reserve only in the most exceptional circumstances. (See also Section 413)

307 CAPITAL FUND CAMPAIGNS

An agency planning to conduct a campaign for capital funds must submit its plans and proposals at least 60 days in advance, in writing, to the United Way Executive Committee. Any agency conducting a capital campaign without first informing the United Way should be aware that United Way will not accept responsibility for funding any increased operating costs due to capital expansion or improvements nor will it support the agency in funding maintenance and repair costs for the new or expanded property which has not had prior approval.

In any event, United Way reserves the right to confine capital campaigns to the first half of the calendar year, or such other time as may be designated. Only one capital fund campaign should be conducted each year to permit good planning, publicity, and help assure satisfactory results.

308 AGENCY SOLICITATION OF OPERATING FUNDS

An agency does not engage in any money raising methods which the Board of Directors of the United Way considers against the best interest of the United Way, its contributors, or participating agencies.

The United Way Board of Directors reserves the right to reinstate a "Black Out Period", if it is determined that a campaign to solicit operating funds for an agency has a detrimental influence on the United Way campaign.

309 AGENCIES OPERATING BUSINESS ENTERPRISES

In general, agencies do not exist for the purpose of operating business enterprises. Presently existing activities may be continued as long as their operation does not require unwarranted amounts of management time of the general agency board and executives to the detriment of the purpose for which the agency exists.

Business enterprises operated by agencies should be reviewed regularly by the agency board to be sure that the enterprise is meeting a community need and that it is producing a reasonable profit for general agency use as measured by current generally accepted accounting standards applied on a consistent basis.

310 UNRESTRICTED FUNDS

All contributions, bequests, program service fees, dues, investment income, and sale of goods and services should be used for program services and supporting services unless they have been donor-restricted, at the discretion of the agency board of directors.

It is recognized in a multi-county agency that income from outside Cleveland County is probably intended to be used outside Cleveland County and appropriate consideration should be given to this when reviewing an agency's budget. Since the governing board of an agency has discretionary control over these resources, it should be recognized that the board has the authority to change or reverse its own action.

If an agency wishes to use unrestricted fund resources to add to the assets of the Land, Buildings, and Equipment Fund, the agency should submit its plan to the Community Impact Committee for informational purposes.

311 CURRENT RESTRICTED FUNDS

Those resources currently available for use, but expendable only for operating purposes specified by the donor or grantor, should be shown in the operating budget with a note separating the item until balanced by expenditures for the specified purpose. If the purpose for which the designated gift has been made involves an enlarged operating budget for which United Way funds may be sought later, the agency should review the situation with the Community Impact Committee before the gift is accepted.

312 ENDOWMENT FUNDS

Endowment funds include the principal amount of gifts and bequests accepted with the donor-stipulation that the principle be maintained intact in perpetuity, until the occurrence of a specified event, or for a specified period, and that only the income from investment thereof be expended either for general purposes or for purposes specified by the donor. Information on endowment funds and their restrictions should be submitted to the Community Impact Panel as a part of the review process.

313 CUSTODIAN FUNDS

It is recognized that custodian funds (assets received by an organization to be held or disbursed only on instructions of the person or organization from whom they were received) are not assets of the organization. Therefore, the receipt of such funds, or the income that might be generated from the fund, are not considered as a part of the organization's revenue or support.

314 AGENCY DEVELOPMENT OF OPERATING REVENUE

Each agency will be expected to obtain and utilize to the fullest extent all possible operating revenue that might be secured through the agency's normal program of activities; for example, realistic fee payments or

reimbursements for services, realistic membership dues from participants, interest from accounts, non-designated contributions, etc.

Persons who can pay for services from an agency should be expected to do so in relation to actual cost and ability to pay. United Way funds should be used only to underwrite programs which by their nature or by common practice must be partially or wholly community supported.

Every effort should be made to assure that referral by public agencies of persons to United Way agencies for services and maintenance for which the tax supported agency has a legal responsibility should be accompanied by public payment for the actual amount of the operating expense thus incurred.

315 NEW FIELDS OF WORK

The United Way will make no financial commitments nor allocate United Way funds for new programs which have not been presented to the United Way for review prior to operation. Therefore, when an agency is making preliminary plans to initiate, expand, or discontinue a major program, the agency should inform the United Way in writing about its tentative plans so that United Way may study the plans and work with the agency in ways which will achieve the best results in terms of the agency's objectives and the needs of the total community.

316 MATTERS AFFECTING PERSONNEL AND JOB CLASSIFICATION

Each agency board is responsible for determining individual salary rates. Personnel classifications, salary scales, rates of increments, and related matters are regarded as a matter of joint agency - United Way concern as they pertain to the allocation process.

The participation of volunteers in agencies at all levels in cooperation with qualified professional staff is encouraged as a means of strengthening and extending services.

317 DESIGNATED CONTRIBUTIONS TO THE UNITED WAY CAMPAIGN

Participating Agencies with Designations in Excess of Allocation. Assuming the availability of funds, it is the policy of the United Way of Cleveland County to pay to its participating agencies 100% of each agency's allocation as determined by the Community Impact Committee. Participating agencies which receive donor designated gifts in excess of their approved allocation will receive the additional funds at a payout rate based upon the average community-wide campaign pledge collection rate for the year in which the pledge was made. In order to accurately determine the community-wide pledge collection rate factor, designated funds in excess of allocations will be disbursed only when the collection year in which the funds were pledged is complete.

For acknowledgment purposes, agencies receiving designated pledges will be provided with the names of donors immediately following the campaign and encouraged to follow up with an appropriate thank you message.

In the event of a campaign shortfall, designated funds will be paid to the agency under the same procedure as outlined above. The Board of Directors reserves the option of formulating appropriate policy regarding adjustments to allocations as may be necessary due to a campaign shortfall.

Donor Designation Solicitation. No participating agency will be credited with or receive an allocation through

the United Way campaign if the agency in question has actively solicited donors to designate to it. United Way will assume that an agency has actively solicited designations if the agency staff or volunteer representative has carried out any of the activities described below.

1. Distribution of correspondence, brochures or other literature that actively encourages donors to designate a United Way contribution to a particular agency.
2. Conduct of an organized effort to have individuals encourage their fellow employees to designate to a particular agency.
3. Any other activity designed to influence donors to designate to a specific agency or program.

The above activities may eliminate an organization from receiving United Way donor designations if the activities occur at any time during the year.

Donor designated pledges to non-participating agencies will be disbursed only when the collection year in which the funds were pledged is complete. Payment to non-participating agencies will be based upon the average community-wide pledge collection rate less an additional 10% factor for handling and processing, or such charges as determined by the United Way Board of Directors.

For acknowledgment purposes, agencies receiving designated pledges will be provided with the names of donors immediately following the campaign and encouraged to follow up with an appropriate thank you message.

Payment of pledges designated to other United Way organizations will be based upon the average community-wide pledge collection rate for the year in which the pledge was made. In order to accurately determine the community-wide collection rate factor, designated funds will be disbursed only when the collection year in which the funds were pledged is complete. The 10% handling and processing fee will not be charged unless the recipient United Way Charges United Way of Cleveland County, Inc. for handling funds directed to it.

For acknowledgment purposes, other United Ways receiving designated pledges will be provided with the names of donors immediately following the campaign and encouraged to follow up with an appropriate thank you message.

The community-wide pledge collection rate factor is defined as net funds collected against total funds pledged during a campaign cycle. It is necessary to compute payments on this basis to allow for pledge attrition due to a variety of circumstances. (Death, Unemployment, Layoffs)

318 ANNUAL FINANCIAL REPORTS

Annual financial reports, the level of which is determined by the amount of United Way funding, (as outlined previously in the Agency Criteria) of each of the participating agencies shall be prepared by an appropriate accounting professional and a copy filed with the United Way within six (6) months of the agency year end.

The review procedure is as follows:

1. The Chairman of the Community Impact Committee shall appoint a Compliance Subcommittee each year to review the financial reports, as well as agency compliance with United Way requirements.

2. The financial reports shall state the type and scope of the procedure and the extent of verification by the accounting professional and shall include the following procedures:
 - a. Reconciliation and confirmation of the bank account.
 - b. Examination of outstanding accounts payable.
 - c. Test check of method of allocating expenses.
 - d. Confirmation of any Endowment funds to see that they are intact, and verification of the income they produced.
 - e. Such other procedures as the accounting professional considers necessary in the circumstances and which may be required by the AICPA Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations.

ALLOCATING PROCEDURES

401 FISCAL YEAR

United Way program allocations to an agency are for a fiscal year July 1 through June 30.

402 SCOPE OF BUDGET STUDY

The entire program of services of a financially participating agency, as well as a financial statement and reports covering agency activities, may be included in the study by the Community Impact Committee even though the agency is requesting funds for (a) specific program (s).

403 TIME OF ANNUAL ALLOCATION REQUEST

In February agencies requesting program funding from United Way must turn in the Program Funding Request along with all of the required documentation. The Program Funding Request will be reviewed by the Impact Area Panels in February/March for funding that will begin the following July 1st.

404 AGENCY ELIGIBILITY

Any agency seeking program funding from United Way on an annual basis must submit a request during the annual funding process. If the agency did not receive United Way funding in the previous year an application for agency participation must also be submitted at the same time as the Program Funding Request.

405 ALLOCATION REQUEST FORMS

Program Funding Request forms will be distributed in January each year. These forms are due to the United Way by the end of February. When received by the United Way they are reviewed, the supporting material is analyzed and they are then returned to the agency for copies to be made. The copies are compiled and

distributed to the Impact Area Panelists.

406 PROTECTION OF FUNDS

With its annual allocation request each agency shall submit to the Community Impact Committee a certification by the agency's governing board that its funds are appropriately safeguarded and insured by an adequate fidelity bond. The agency shall state the nature and amount of insurance in support of its certification of adequate protection.

407 AGENCY BOARD APPROVAL

It is expected that each agency's board will actively participate in the preparation of a sound budget and appropriate outcome measures, carefully analyzing all items and being assured that there is full justification for the program funds requested.

Before submission to United Way, it is essential that the Program Funding Request forms have formal approval by the agency's Board of Directors, at a meeting when a quorum is present.

408 ALL INCOME AND EXPENDITURES REQUIRED

In preparing a request, the agency is expected to itemize all anticipated operating income as well as all anticipated items of expenditure for both total agency and individual program budgets.

The annual request shall also give complete information on any capital, building, or other special accounts.

409 ANNUAL BUDGET CONFERENCE

The Chairman of the Community Impact Committee shall appoint Community Impact Area Panels prior to the time of the annual Budget Conference. These Panels shall review programs grouped in three areas: Families, Youth, and Emergency. The Panels shall be charged with making a detailed study of the information presented for each assigned program, including outcome measurements, budget information and justification for the program.

The panels shall visit their respective agencies to review programs at their discretion. Each Impact Area Panel will meet with the agency executive, as well as appropriate staff and board members to learn more about the programs for which funding is being requested. Sufficient time shall be given each agency to furnish complete information about its program (s).

When the Panel reviews are completed, the Panels shall formulate their recommendations and present their recommendations to the entire Community Impact Committee at the Annual Budget Conference.

At the Annual Budget Conference, the Community Impact Committee shall review and adjust the recommendations as necessary. The Community Impact Committee shall then recommend to the United Way's Board of Directors at the March/April meeting the proposed allocations for the new funding year, and each agency shall be informed of the Board's subsequent action.

If the agency feels that it has not been given full, equitable consideration due to an error or misinterpretation in the panel review process, it has the right of appeal as outlined below.

410 APPEAL PROCESS

Each agency will recognize that the judgment of its Impact Area Panel and the Community Impact Committee will be respected unless it is clearly apparent that error or misinterpretation affected the recommendations of the Panel. *Re-emphasis of points already presented to the panel is not considered a valid basis for an appeal.* If an agency feels it has a basis for an appeal in accordance with the foregoing description, the steps for an appeal will proceed as follows:

1. Within 10 business days of receiving the recommendations of its reviewing Panel, an agency shall send a detailed written statement of its basis for appeal with appropriate substantiation directly to the Community Impact Committee Chairman.
2. Upon notification that an appeal has been submitted by an agency, the appropriate Impact Area Panel, chaired by the Chairman of the Community Impact Committee will hold a separate hearing to review the appeal.
3. The decision of the appeals committee will be presented to the United Way Board of Directors for approval at the May Board Meeting.
4. After the Board meeting, the Community Impact Committee Chairman will promptly notify the agency of the United Way Board's decision.

411 ALLOCATION PAYMENTS

Rather than require detailed monthly requisitions from each agency, United Way charges each agency's board of directors with the stewardship of United Way money. Program expenditures are to be made according to the approved budget items. Should a marked variation of budget line item (over \$2000) from the revised balanced program budget occur, United Way should be notified. However, small revisions may be made by the agency board.

412 ADJUSTMENTS WITHIN THE BUDGET

Budgets should be viewed by both the Agency and the United Way as management tools.

It is recognized, however, that during the budget year, the agency may find that its objectives will be served better by increasing expenditures in some items with compensating decrease in other items. Within the approved budget category totals (i.e. Salaries; Supplies; Occupancy; etc.) changes may properly be made by an agency to a program without requiring the approval of the Community Impact Committee except:

1. Adjustments which involve any departure from the scope and program of an agency as originally approved.
2. Adjustments which involve commitments or which establish any facilities necessitating additional expense in subsequent years.
3. Adjustments within a program line item of over \$2,000.

Care should be taken to avoid downward adjustments in normal repairs, insurance coverage, etc., which may result in emergency situations in subsequent years.

413 EMERGENCIES

Agencies may request emergency allocations from the contingency reserve only when the emergency meets the criteria stated in Section 306, contingency reserve fund. Action will be subject to availability of funds.

The agency must demonstrate that funds for this purpose are not available from any other source, and that the expenditure cannot be postponed until the next annual allocations request is submitted.

Upon receipt of a written request for an emergency allocation, the Impact Area Panel will hold a review conference with the agency, and formulate a recommendation to the Community Impact Committee for further recommendation to the Board of Directors.

Adopted by United Way Board of Directors: August 23, 2001

Latest Update: February 17, 2021